

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 DODE-00 PM-04 H-01 L-03

NSC-05 PA-01 PRS-01 SS-15 NSCE-00 SSO-00 USIE-00

INRE-00 /077 W

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FM AMEMBASSY PANAMA

TO SECSTATE WASHDC IMMEDIATE 0278

INFO PANCANAL

USCINCSO

AMEMBASSY GUATEMALA

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GUATEMALA FOR ROCAP

EO 11652: N/A

TAGS: ELAB, PINT, PN

SUBJECT: LABOR CODE AMENDMENTS

SUMMARY: LABOR CODE AMENDMENTS PUBLISHED JANUARY 4 SIGNIFICANTLY LIMIT RIGHT TO STRIKE, EFFECTIVELY SUSPEND COLLECTIVE BARGAINING FOR AT LEAST TWO YEARS, AND RELAX TO SOME EXTENT LIMITATIONS ON EMPLOYER FLEXIBILITY IN DISCHARGING WORKERS. BANANA WORKERS' UNIONS IN CHIRIQUI AND BOCAS DEL TORO BEGAN A 72-HOUR PROTEST STRIKE ON JANUARY 4. REMAINDER OF ORGANIZED LABOR IS STILL SURVEYING THE WRECKAGE OF ITS "CONQUESTS" OF RECENT YEARS; WHILE THERE APPEARS TO BE CONSIDERABLE RANK-AND FILE RESENTMENT OF CHANGES, LEADERSHIP IS STILL TRYING TO DECIDE HOW TO PROCEED. AT THIS TIME, WE REGARD PROSPECT OF MAJOR LABOR UPSET (I.E. EXTENSIVE STRIKES) AS SMALL BUT NOT TO BE RULED OUT. HOWEVER, THESE LABOR CODE AMENDMENTS WILL HAVE A MAJOR ADVERSE AFFECT ON SUPPORT

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BY ORGANIZED WORKERS FOR THE GOVERNMENT. END SUMMARY.

1. AFTER AN EXTENDED PERIOD OF DISCUSSION AND INTERNAL CONSIDERATION, NATIONAL LEGISLATIVE COUNCIL ON DECEMBER 31 APPROVED LAW 95 AMENDING IN SEVERAL RESPECTS PANAMA'S LABOR CODE OF 1972. NEW LAW WAS PUBLISHED AS PART OF 28-LAW PACKAGE OF ECONOMIC RECOVERY MEASURES

(SEPT), AND PRINTED IN FULL IN LOCAL PRESS FOR JANUARY 4 AND 5. (FULL TEXT FBIS/PANAMA PA 041722Y, 2 TAKES.)

2. ANALYSIS OF CHANGES WILL FOLLOW BY AIRGRAM. THE MOST SIGNIFICANT ACTION IS MANDATORY EXTENSION FOR TWO YEARS OF ALL COLLECTIVE CONTRACTS NOW IN FORCE EXPIRING IN 1977-78, WITH PROVISION FOR REOPENING ONLY UPON EMPLOYER PETITION, APPROVED BY LABOR MINISTRY, TO ADJUST CONTRACT PROVISIONS DUE TO ENTERPRISE ECONOMIC PROBLEMS. UNIONS ARE BARRED FROM REOPENING CONTRACTS FOR ANY REASON. NEW BUSINESS AND CONCERNS NOW WITHOUT COLLECTIVE CONTRACTS WILL NOT BE COMPELLED TO CONCLUDE COLLECTIVE CONTRACTS FOR A SIMILAR 2-YEAR PERIOD. RIGHT TO STRIKE IS EFFECTIVELY PLACED AT SUFFERANCE OF LABOR MINISTRY BY ACCORDING TO MINISTRY THE POWER (IF IT FINDS A SITUATION OF ECONOMIC DISTURBANCE) TO INVOKE BINDING ARBITRATION WITHOUT CONSENT OF PARTIES TO DISPUTE. PROVISIONS RESTRICTING RIGHT OF MANAGEMENT TO DISCHARGE EMPLOYEES OF MORE THAN TWO YEARS' SENIORITY ARE SOMEWHAT LOOSENED AND CERTAIN OTHER CHANGES ARE MADE REGARDING PAY AND EMOLUMENTS. LAW DOES NOT IMPOSE WAGE FREEZE; IT ALLOWS ANNUAL INCREASES UNDER EXTENDED CONTRACTS IN ACCORDANCE WITH CONTRACT TERMS NOW IN FORCE.

3. TORRIJOS AND OTHER GOP LEADERS DESCRIBED CHANGES TO ORGANIZED LABOR LEADERS AT FARALLON ON DECEMBER 30. TORRIJOS REPORTEDLY TOLD LABOR LEADERS THAT HE KNEW THEY COULD NOT APPROVE OR ENDORSE THESE CHANGES, BUT LIMITED OFFICIAL USE

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ASSURED THEM THAT LABOR INTERESTS WOULD BE PROTECTED. HE ASKED THAT LABOR LEADERS REAFFIRM THEIR CONFIDENCE IN HIM AND HIS GOVERNMENT AND CONFINE THEIR OPPOSITION TO LABOR CODE AMENDMENTS TO STATEMENTS, RATHER THAN STRIKES OR OTHER MASS ACTION.

4. REACTION WITHIN ORGANIZED LABOR IS HIGHLY ADVERSE. SECRETARY GENERAL OF FREE-LABOR CTRP CHARACTERIZED THE CHANGES AS "AWFUL" AND SAID CTRP WOULD BE ISSUING COMMUNIQUE DENOUNCING THEM IN A DAY OR SO. SECRETARY GENERAL OF COMMUNIST-DOMINATED CNTP HAS PUBLICLY DENOUNCED THE CHANGES (FBIS/PANAMA PA 042235Y AND PA 050010Y), CHARGING THAT TORRIJOS HAS BEEN "DECEIVED BY COUNTERREVOLUTION" AND THAT "YANKEE IMPERIALISM IS BEHIND THESE OBLIGARCHIC MANEUVERS". CHRISTIAN DEMOCRATIC CIT AT A MEETING JANUARY 4 REPORTEDLY DISCUSSED POSSIBILITY OF A PROTEST STRIKE. OUTSPOKEN VERBAL DENUNCIATION OF THE CHANGES FROM ALL IDEOLOGICAL SEGMENTS OF THE LABOR MOVEMENT APPEARS TO REFLECT THE

VIEW OF THE AVERAGE UNION MEMBER, WHO CONSIDERS THAT HE HAS BEEN HAD BY AN UNHOLY ALLIANCE OF MANAGEMENT AND GOVERNMENT.

5. BANANA WORKERS UNIONS--PRIMARILY REPRESENTING LOCAL UNITED FRUIT EMPLOYEES BUT INCLUDING A NUMBER OF INDEPENDENT BANANA PRODUCERS IN CHIRIQUI AND BOCAS DEL TORO PROVINCES--BEGAN A 3-DAY STRIKE AT 0600 JANUARY 4 (FBIS/PANAMA PA 041709Y). GOP HAS DEPLORED THE ACTION (E.G. STATEMENT BY LABOR MINISTER AHUMADA FBIS/PANAMA PA 041801Y) BUT HAS NOT SOUGHT TO SUPPRESS THE STRIKE--PROBABLY OUT OF WELL-FOUNDED FEAR THAT THIS WOULD ONLY SPREAD THE UPSET.

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6. COMMENT: ORGANIZED LABOR IS STILL SURVEYING THE WRECKAGE WHICH THE NEW LAW HAS MADE OF MANY OF THEIR "CONQUESTS" SINCE THE 1972 LABOR CODE CAME INTO EFFECT. WHILE INDIVIDUAL EMPLOYEES ARE PROBABLY MORE CONCERNED ABOUT CHANGES RELATING TO PAY AND EMOLUMENTS AND TO TENURE OF EMPLOYMENT, MORE SOPHISTICATED LEADERS APPRECIATE THE RESTRICTIONS ON COLLECTIVE BARGAINING WILL ALMOST CERTAINLY VITIATE PROGRESS IN LABOR ORGANIZATION FOR THE NEW TWO YEARS AT LEAST.

7. THEIR PROBLEM, HOWEVER, IS WHAT TO DO ABOUT THE

SITUATION. LABOR'S INFLUENCE AS AN INDEPENDENT POLITICAL FACTOR IS EFFECTIVELY NIL UNLESS IT (A) SENDS ITS MEMBERSHIP TO THE STREETS, OR (B) CAN CALL FOR--AND MAKE EFFECTIVE--A WIDESPREAD PROTEST STRIKE. THE GOP, WHILE SEEKING THROUGH NEWSPAPER EDITORIALS AND HORTATORY STATEMENTS TO REASSURE TRADE UNIONISTS, HAS ALSO MADE IT CLEAR THAT ANY OUTRIGHT CONFRONTATION WITH THE GOVERNMENT WOULD BE FOLLOWED BY QUICK GOP RETRIBUTION AGAINST LIMITED OFFICIAL USE

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THE OFFENDING LEADERS. THUS, THE PONTIUS PILATE-LIKE STANCE OF CNTP SECRETARY GENERAL GOMEZ--ABSOLVING TORRIJOS OF THE DASTARDLY DEED AND SUGGESTING DIRE RETRIBUTION (BUT NOT YET) IF MANAGEMENT EXPLOITS ITS NEW OPPORTUNITIES--WILL HAVE ITS ATTRACTIONS TO OTHERS, REGARDLESS OF THEIR IDEOLOGICAL PERSUASION.

8. A CALL FOR A STRIKE WOULD, IN VIEW OF RANK-AND-FILE FEELINGS, PROBABLY FIND A LARGE NUMBER OF FOLLOWERS. BUT THERE WILL BE VERY FEW WILLING LEADERS. AT THIS STAGE, IT IS UNLIKELY THAT LABOR LEADERSHIP WILL TRY THE CONFRONTATIONAL ROUTE. SOME FORM OF MASS RALLY IS BEING DISCUSSED, AND WE REGARD THIS AS MORE LIKELY. THE GOP IS OBVIOUSLY SEEKING NOT TO OVERREACT IN A WAY THAT COULD PROVOKE CONFRONTATION. IT WILL NEED TO CONTINUE TO BE MOST CAREFUL IN HANDLING THIS SITUATION FOR SOME TIME TO COME.

9. THIS MODIFICATION OF THE LABOR CODE HAS COST THE TORRIJOS GOVERNMENT A GOOD DEAL OF SUPPORT FROM THE ORGANIZED WORKER.

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